

MONTANA LEGISLATIVE HISTORY

Chapter 265 19 93

Bill H _____ S 385

Original bill & history ✓ C

1ST PAGE ONLY -
Full Bill is
255 pages

H. Committee on State Administration

Hearing Date(s) Mar 09 ✓ C

& EXEC ACTION

_____ C

_____ C

_____ C

Date Out Mar 09 ✓ C

S. Committee on State Administration

Hearing Date(s) Feb 18 ✓ C

& EXEC ACTION

_____ C

_____ C

_____ C

Feb 18 ✓ C

Did this bill originate in an interim committee? ____ Yes ____ No

Committee _____

Report _____

SB 384 INTRODUCED BY LYNCH, ET AL.
AMEND LAWS RELATING TO REPORTS TO THE LEGISLATURE
BY REQUEST OF LEGISLATIVE COUNCIL

2/12	INTRODUCED		
2/12	REFERRED TO STATE ADMINISTRATION		
2/12	FIRST READING		
2/12	FISCAL NOTE REQUESTED		
2/18	HEARING		
2/18	FISCAL NOTE RECEIVED		
2/19	COMMITTEE REPORT—BILL PASSED AS AMENDED		
2/20	FISCAL NOTE PRINTED		
2/22	2ND READING PASSED	48	0
2/23	3RD READING PASSED	49	0
	TRANSMITTED TO HOUSE		
2/23	REFERRED TO STATE ADMINISTRATION		
2/23	FIRST READING		
3/11	HEARING		
3/13	COMMITTEE REPORT—BILL CONCURRED AS AMENDED		
3/27	2ND READING CONCURRED	91	0
3/30	3RD READING CONCURRED	99	0
	RETURNED TO SENATE WITH AMENDMENTS		
4/02	2ND READING AMENDMENTS CONCURRED	47	0
4/03	3RD READING AMENDMENTS CONCURRED	47	0
4/07	SIGNED BY PRESIDENT		
4/07	SIGNED BY SPEAKER		
4/13	TRANSMITTED TO GOVERNOR		
4/16	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 349		
	EFFECTIVE DATE: 10/01/93		

SB 385 INTRODUCED BY VAUGHN, ET AL.
GENERALLY REVISE AND RECODIFY RETIREMENT LAWS
BY REQUEST OF PUBLIC EMPLOYEES' RETIREMENT BOARD

2/12	INTRODUCED		
2/12	REFERRED TO STATE ADMINISTRATION		
2/12	FIRST READING		
2/18	HEARING		
2/18	COMMITTEE REPORT—BILL PASSED		
2/20	2ND READING PASSED	50	0
2/22	3RD READING PASSED	48	0
	TRANSMITTED TO HOUSE		
2/23	REFERRED TO STATE ADMINISTRATION		
2/23	FIRST READING		
3/09	HEARING		
3/10	COMMITTEE REPORT—BILL CONCURRED		
3/13	2ND READING CONCURRED	93	5
3/16	3RD READING CONCURRED	92	6
	RETURNED TO SENATE		
3/24	SIGNED BY PRESIDENT		
3/26	SIGNED BY SPEAKER		
3/29	TRANSMITTED TO GOVERNOR		
4/02	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 265		
	EFFECTIVE DATE: 07/01/93		

SENATE BILL NO. 385

INTRODUCED BY VAUGHN, BURNETT, BLAYLOCK, FRITZ,
SQUIRES, MENAHAN, PECK, QUILICI, HOCKETT, GAGE,
BARDANOUVE, PETERSON, SIMPKINS
BY REQUEST OF THE PUBLIC EMPLOYEES' RETIREMENT BOARD

IN THE SENATE

FEBRUARY 12, 1993	INTRODUCED AND REFERRED TO COMMITTEE ON STATE ADMINISTRATION.
	FIRST READING.
FEBRUARY 18, 1993	COMMITTEE RECOMMEND BILL DO PASS. REPORT ADOPTED.
FEBRUARY 19, 1993	PRINTING REPORT.
FEBRUARY 20, 1993	SECOND READING, DO PASS.
FEBRUARY 22, 1993	ENGROSSING REPORT.
	THIRD READING, PASSED. AYES, 48; NOES, 0.
	TRANSMITTED TO HOUSE.

IN THE HOUSE

FEBRUARY 23, 1993	INTRODUCED AND REFERRED TO COMMITTEE ON STATE ADMINISTRATION.
	FIRST READING.
MARCH 10, 1993	COMMITTEE RECOMMEND BILL BE CONCURRED IN. REPORT ADOPTED.
MARCH 13, 1993	SECOND READING, CONCURRED IN.
MARCH 16, 1993	THIRD READING, CONCURRED IN. AYES, 92; NOES, 6.
MARCH 17, 1993	RETURNED TO SENATE.

IN THE SENATE

MARCH 18, 1993	RECEIVED FROM HOUSE.
	SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 Senate BILL NO. 385
 2 INTRODUCED BY Vaughan Blaylock
 3 BY REQUEST OF THE PUBLIC EMPLOYEES' RETIREMENT BOARD Fitz
 4 James Merrigan Peck Sullivan Hogsett
 5 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING AND
 6 RECODIFYING THE PUBLIC EMPLOYEES', THE JUDGES', THE HIGHWAY
 7 PATROL OFFICERS', THE SHERIFFS', THE GAME WARDENS', THE
 8 MUNICIPAL POLICE OFFICERS', AND THE FIREFIGHTERS' UNIFIED
 9 RETIREMENT SYSTEMS; AMENDING SECTIONS 17-7-502, 19-3-103,
 10 19-3-104, 19-3-105, 19-3-107, 19-3-201, 19-3-203, 19-3-204,
 11 19-3-301, 19-3-304, 19-3-305, 19-3-306, 19-3-401, 19-3-403,
 12 19-3-404, 19-3-405, 19-3-406, 19-3-501, 19-3-502, 19-3-503,
 13 19-3-504, 19-3-505, 19-3-508, 19-3-509, 19-3-510, 19-3-511,
 14 19-3-512, 19-3-513, 19-3-601, 19-3-602, 19-3-603, 19-3-604,
 15 19-3-605, 19-3-606, 19-3-701, 19-3-702, 19-3-703, 19-3-704,
 16 19-3-801, 19-3-802, 19-3-805, 19-3-901, 19-3-902, 19-3-903,
 17 19-3-904, 19-3-905, 19-3-906, 19-3-907, 19-3-1002,
 18 19-3-1005, 19-3-1006, 19-3-1007, 19-3-1008, 19-3-1101,
 19 19-3-1102, 19-3-1103, 19-3-1104, 19-3-1105, 19-3-1106,
 20 19-3-1109, 19-3-1110, 19-3-1111, 19-3-1201, 19-3-1202,
 21 19-3-1203, 19-3-1204, 19-3-1205, 19-3-1301, 19-3-1302,
 22 19-3-1304, 19-3-1305, 19-3-1401, 19-3-1402, 19-3-1403,
 23 19-5-101, 19-5-102, 19-5-103, 19-5-104, 19-5-301, 19-5-401,
 24 19-5-402, 19-5-403, 19-5-404, 19-5-501, 19-5-502, 19-5-503,
 25 19-5-601, 19-5-603, 19-5-604, 19-5-611, 19-5-612, 19-5-701,

1 19-6-101, 19-6-102, 19-6-301, 19-6-304, 19-6-305, 19-6-306,
 2 19-6-401, 19-6-402, 19-6-403, 19-6-404, 19-6-501, 19-6-502,
 3 19-6-503, 19-6-505, 19-6-601, 19-6-603, 19-6-604, 19-6-612,
 4 19-6-707, 19-6-709, 19-7-101, 19-7-102, 19-7-103, 19-7-301,
 5 19-7-302, 19-7-308, 19-7-309, 19-7-310, 19-7-311, 19-7-402,
 6 19-7-403, 19-7-404, 19-7-501, 19-7-502, 19-7-503, 19-7-504,
 7 19-7-601, 19-7-604, 19-7-612, 19-7-701, 19-7-708, 19-7-709,
 8 19-7-710, 19-8-101, 19-8-102, 19-8-301, 19-8-302, 19-8-304,
 9 19-8-306, 19-8-307, 19-8-501, 19-8-502, 19-8-504, 19-8-601,
 10 19-8-603, 19-8-604, 19-8-701, 19-8-703, 19-8-704, 19-8-712,
 11 19-8-801, 19-8-808, 19-8-809, 19-8-810, 19-8-816, 19-9-103,
 12 19-9-104, 19-9-105, 19-9-106, 19-9-107, 19-9-301, 19-9-401,
 13 19-9-403, 19-9-405, 19-9-503, 19-9-601, 19-9-702, 19-9-703,
 14 19-9-705, 19-9-706, 19-9-801, 19-9-804, 19-9-902, 19-9-903,
 15 19-9-904, 19-9-905, 19-9-911, 19-9-912, 19-9-1004,
 16 19-9-1007, 19-13-103, 19-13-104, 19-13-105, 19-13-107,
 17 19-13-108, 19-13-110, 19-13-201, 19-13-301, 19-13-302,
 18 19-13-403, 19-13-404, 19-13-503, 19-13-506, 19-13-601,
 19 19-13-604, 19-13-605, 19-13-607, 19-13-701, 19-13-704,
 20 19-13-802, 19-13-803, 19-13-804, 19-13-805, 19-13-902,
 21 19-13-903, 19-13-1006, 19-13-1007, 19-13-1009, 31-2-106, AND
 22 44-1-518, MCA; REPEALING SECTIONS 19-3-102, 19-3-307,
 23 19-3-506, 19-3-804, 19-3-1001, 19-3-1003, 19-3-1004,
 24 19-3-1107, 19-3-1108, 19-5-201, 19-5-202, 19-5-302,
 25 19-5-303, 19-5-304, 19-5-405, 19-5-406, 19-5-407, 19-5-408,

1 19-5-602, 19-5-702, 19-5-703, 19-5-704, 19-5-705, 19-5-706,
 2 19-6-103, 19-6-104, 19-6-201, 19-6-202, 19-6-203, 19-6-302,
 3 19-6-303, 19-6-405, 19-6-406, 19-6-407, 19-6-408, 19-6-409,
 4 19-6-506, 19-6-602, 19-6-611, 19-6-702, 19-6-703, 19-6-704,
 5 19-6-705, 19-6-706, 19-6-708, 19-7-104, 19-7-201, 19-7-202,
 6 19-7-303, 19-7-304, 19-7-306, 19-7-307, 19-7-401, 19-7-405,
 7 19-7-406, 19-7-407, 19-7-408, 19-7-409, 19-7-602, 19-7-611,
 8 19-7-702, 19-7-703, 19-7-704, 19-7-705, 19-7-706, 19-7-707,
 9 19-8-103, 19-8-104, 19-8-201, 19-8-202, 19-8-203, 19-8-303,
 10 19-8-305, 19-8-401, 19-8-402, 19-8-403, 19-8-404, 19-8-405,
 11 19-8-406, 19-8-503, 19-8-505, 19-8-702, 19-8-711, 19-8-802,
 12 19-8-803, 19-8-804, 19-8-805, 19-8-806, 19-8-807, 19-9-108,
 13 19-9-201, 19-9-202, 19-9-203, 19-9-303, 19-9-304, 19-9-305,
 14 19-9-402, 19-9-501, 19-9-502, 19-9-504, 19-9-505, 19-9-602,
 15 19-9-603, 19-9-604, 19-9-701, 19-9-707, 19-9-802, 19-9-901,
 16 19-9-1001, 19-9-1002, 19-9-1003, 19-9-1005, 19-9-1006,
 17 19-9-1008, 19-9-1011, 19-9-1012, 19-13-106, 19-13-109,
 18 19-13-202, 19-13-203, 19-13-204, 19-13-303, 19-13-304,
 19 19-13-305, 19-13-401, 19-13-402, 19-13-501, 19-13-502,
 20 19-13-504, 19-13-505, 19-13-602, 19-13-603, 19-13-608,
 21 19-13-609, 19-13-801, 19-13-901, 19-13-1001, 19-13-1002,
 22 19-13-1003, 19-13-1004, 19-13-1005, AND 19-13-1008, MCA; AND
 23 PROVIDING AN EFFECTIVE DATE."

24
 25 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

1 NEW SECTION. Section 1. Short title. This chapter may
 2 be cited as "The Public Employees' Retirement Act".

3 NEW SECTION. Section 2. Applicability. This chapter
 4 applies to the provisions and administration of the
 5 retirement systems under chapters 3, 5 through 9, and 13 of
 6 this title.

7 **Section 3.** Section 19-3-104, MCA, is amended to read:

8 "19-3-104. Definitions. Unless the context requires
 9 otherwise, in for each of the retirement systems subject to
 10 this chapter, the following definitions apply:

11 (1) "Accumulated contributions" means the sum of all
 12 the regular and any additional contributions standing-to-the
 13 credit-of-a-member's-individual-account made by a member in
 14 a system, together with the regular interest thereon on the
 15 contributions.

16 (2) "Active member" means a member who is an employee
 17 of an employer and who is making the required contributions
 18 to the system based on the member's compensation paid by the
 19 employer.

20 (3) "Actuarial cost" means the amount determined by the
 21 board in a uniform and nondiscriminatory manner to represent
 22 the present value of the benefits to be derived from the
 23 additional service to be credited based on the most recent
 24 actuarial valuation for the system and the age, years until
 25 retirement, and current salary of the member.

definition referred to in line 25 and make it compatible with the title, or if he means it to apply to all of those defined in line 25, strike "state" from line 5 in the title. Either way but not both. Sen. Devlin referred that to the Committee's decision but his preference is that it apply to all, whether it is a commissioner or whatever. All you have to do is resign your position to run for another office. The word "state" in line 5 would have to be eliminated.

Closing by Sponsor:

Sen. Devlin thanked the Committee for a good hearing and urged the Committee to pass SB 380.

HEARING ON SB 385

Opening Statement by Sponsor:

Sen. Vaughn, Senate District #1, presented SB 385. SB 385 recodifies the statutes affecting the retirement system administered by the Public Employees Retirement Board and provides for effective date. The bill makes no change to the benefits paid to the members of any retirement system. It has no cost in terms of contributions required, makes no difference in the way the systems are currently being administered. It represents a gigantic effort by several people over two years. The bill is a recodification of the retirement statutes. An effort to bring the public retirement systems administered by the Public Employees Retirement Board together in an understandable logical legal and equitable format. This bill recommends changes in organization grammar, style, and syntax. Every effort has been made to describe these retirement systems in plain English. The few substantive changes which have been made are required by Montana Attorney General's opinions and new federal laws that have been enacted over the past two years. These housekeeping amendments will ensure the retirement systems continue the qualify plan status with the IRS and continued tax exempt status of members contributions and accruing benefits.

Proponents' Testimony:

Linda King, Public Employees Retirement System, explained the recodification process and handed out the Recodification Cross Reference (EXHIBIT #4). There are seven retirement systems that are being recodified. One of the main things done was to create a new general provisions section which takes all the central provisions that are the same or should be the same for all the retirement systems and puts them all in the same place. That cuts down unintentional changes between the systems. Having all the general provisions in one chapter makes it necessary for changes to be made intentionally. It won't be an oversight on anyone's part. The basic reason for recodification is to

reorganize the statutes. The language has been written in a more easily understood fashion. The substantive changes that have been made in the bill are age discrimination problems that have occurred in the systems. The Age Discrimination and Employment Act and the Older Workers Benefit Protection Act make it very clear that benefits cannot be stopped because of age. In section 45 of the bill, it used to say the contracts could group the employees to be covered under various groups such as classification, or age. That is no longer legal so we took that out. An employer cannot contract to cover all the employees under age 30. In section 51 of the bill the people who were eligible for PERS coverage, people over age 60 when they first become a member, the option was taken out. There has been a change with regard to the game wardens and sheriff's retirement systems. There were changes in statutorial appropriations.

Vern Erickson, Montana State Firemens' Association, spoke in support of SB 385. He stated the association has looked this bill over and the questions they had were satisfactorily answered.

Tom Schneider, Montana Public Employees Association, also spoke in support SB 385. He commented that the association has read the bill and urged the committee to pass the bill.

Edward Flies, Montana State Firemens' Association, spoke in support of SB 385.

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

Sen. Hockett asked Ms. King if Teachers' Retirement was included in this bill. Ms. King said this bill only included the retirement systems administered by the Public Employees Retirement Board. The Teachers' Retirement statutes have not been recodified.

Sen. Hockett asked about the Volunteer Firemen. Ms. King said there was a separate charge by the Legislature to look at that system. They have a completely different plan. They are not an actuarial plan.

Sen. Swift asked Ms. King about the systems that were left out. Ms. King stated this covers the seven actuarial defined systems administered by PERS. The Teachers' Retirement System, the University Optional Retirement System, the local police and the local firefighters' statutes are not administered by PERS and are not covered by this recodification.

Sen. Swift commented on the hard work done by Ms. King and her staff and said he would take her word for it instead of reading the entire bill.

Closing by Sponsor:

Sen. Vaughn stated she had nothing more to add except that this recodification was badly needed and she also thanked Ms. King.

EXECUTIVE ACTION ON HJR 19

Motion/Vote: Sen. McClernan moved HJR 19 DO PASS. Motion CARRIED UNANIMOUSLY.

EXECUTIVE ACTION ON SB 384

Motion/Vote: Sen. Pipinich moved to amend SB 384. Motion to amend SB 384 CARRIED UNANIMOUSLY.

Motion/Vote: Sen. Swift moved SB 384 DO PASS AS AMENDED. Motion SB 384 DO PASS CARRIED UNANIMOUSLY.

EXECUTIVE ACTION ON SB 385

Motion/Vote: Sen. Pipinich moved SB 385 DO PASS. Motion SB 385 DO PASS CARRIED UNANIMOUSLY.

EXECUTIVE ACTION ON SB 380

Motion/Vote: Sen. Pipinich moved to amend SB 380. The motion to amend SB 380 CARRIED UNANIMOUSLY.

Sen. Vaughn said we would wait until a later date for further action on SB 380.

ROLL CALL

SENATE COMMITTEE

STATE ADMINISTRATION

DATE 2-18-93

[illegible]

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
February 18, 1993

MR. PRESIDENT:

We, your committee on State Administration having had under consideration Senate Bill No. 385 (first reading copy -- white), respectfully report that Senate Bill No. 385 do pass.

Signed: Senator Eleanor Vaughn
Senator Eleanor Vaughn, Chair

4 The original is stored at the Historical Society at 225 North Roberts Street, Helena, MT 59620-1201. The phone number is 444-2694.

SENATE STATE ADMIN.
EXHIBIT NO. 4
DATE 2-18-93
BILL NO. SB 385

MCA CHAPTER 19-3, 5 THROUGH 9, AND 13 RECODIFICATION CROSS REFERENCE

CURRENT LAW
MCA Section Citation
Paragraph Title

PROPOSED LAW
SB 385
Action Location Comments

CHAPTER (NEW)
PUBLIC EMPLOYEE'S RETIREMENT ACT -- GENERAL PROVISIONS

Part 1, Short Title

New	Short Title	New	Sec. 1
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Part 2, Applicability

New	Applicability	New	Sec. 2	Provides that the definitions and laws found in the general section apply to the PERS, Judges', Sheriffs', Highway Patrol Officers', Game Wardens, Municipal Police and Firefighters' Unified Retirement Systems.
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Part 3, Definitions

19-3-104	Definitions	Amended	Sec. 3	Uniform definitions for terms used in all the retirement systems. Some definitions are new, others were amended to clarify meaning and to eliminate provisions which applied to PERS only. Other definitions have been deleted because they were obsolete or inappropriate.
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Part 4, General Administration

19-3-301	Location of board -- quorum -- officers and employees	Amended	Sec. 4	Preserves existing authority relating to board. Language and references have been updated. Subparagraph (4) moved to section 6 because it relates to employees and not the board. (**Note: The items included in the phrase "language updated" are listed at the end of this index.)
19-3-302	Compensation of board members	No Change	-----	
19-3-304	Powers and duties of board	Amended	Sec. 5	Consolidates the powers, duties and responsibilities of the board. Language updated and the text of paragraphs amended to clarify meaning.
New	Appointment and compensation of administrative staff	New	Sec. 6	Split apart and moved from Sec. 4 (above)
19-3-305	Employment of actuary -- Biennial investigation and valuation	Amended	Sec. 7	Consolidates actuarial material and clarifies timing of actuarial experience, investigations.
19-5-611	Determination of disability by Board	Amended	Sec. 8	Uniform provision. Subparagraph (2) separated because of subject matter.
19-3-306	Report by department of administration division to governor	Amended	Sec. 9	Consolidates requirements for reporting to the governor. Language updated.
19-3-805	Administrative expenses	Amended	Sec. 10	Consolidates the administrative expense provisions. Text is modified to clarify meaning and language is updated.

DATE 2-18-45

SENATE COMMITTEE ON State Administration

BILLS BEING HEARD TODAY: SB 380, SB 384, SB 385, SR 19

Name	Representing	Bill No.	Check One Support Oppose	
Tom Schneider	M PERA	SB 385	X	
J. H. Jackson	MT State Termination Assoc	"	"	
William H. Enghart	Family of Dean Penick	SR 19	X	
Lawrence Allen	Family of Dean Penick	"	X	
LINDA KING	PERD	SB 385	✓	
Tom Sanford	Retired MHP.	SB 385		
Mark Cross	PERD	SB 395	✓	
Ed Fies	Fire Fighter	SB 385	✓	

VISITOR REGISTER*

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 53rd LEGISLATURE - REGULAR SESSION

COMMITTEE ON STATE ADMINISTRATION

Call to Order: By DICK SIMPKINS, CHAIRMAN, on March 9, 1993, at
9:01 a.m.

ROLL CALL

Members Present:

Rep. Dick Simpkins, Chairman (R)
Rep. Wilbur Spring, Vice Chairman (R)
Rep. Ervin Davis, Vice Chairman (D)
Rep. Beverly Barnhart (D)
Rep. Pat Galvin (D)
Rep. Bob Gervais (D)
Rep. Harriet Hayne (R)
Rep. Gary Mason (R)
Rep. Brad Molnar (R)
Rep. Bill Rehbein (R)
Rep. Sheila Rice (D)
Rep. Sam Rose (R)
Rep. Dore Schwinden (D)
Rep. Carolyn Squires (D)
Rep. Jay Stovall (R)
Rep. Norm Wallin (R)

Members Excused: None.

Members Absent: None.

Staff Present: Sheri Heffelfinger, Legislative Council
Dorothy Poulsen, Committee Secretary

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed.

Committee Business Summary:

Hearing: SB 192; SB 203; SB 385; SB 407
Executive Action: SB 192; SB 174; SB 385; SB 407

HEARING ON SB 385

Opening Statement by Sponsor:

SEN. ELEANOR VAUGHN, Senate District 1, Libby, introduced SB 385 which revises and recodifies statutes affecting the retirement systems administered by the Public Employees' Retirement System

Board. She said the bill did not change benefits paid to members of any of the retirement systems, incurred no costs, and did not change the way the systems are administered. She reported the bill was the result of a gigantic two-year effort to recodify retirement statutes into an understandable, logical, legal, and equitable format. She said the bill recommends changes in organization, grammar, style, and syntax in order to describe the retirement systems in plain English. She explained the few substantive changes in the bill were responses to opinions from the attorney general and changes in federal laws. She said the housekeeping amendments would ensure that the retirement systems would continue their qualified-plan status with the Internal Revenue Service and continue the tax-exempt status of members' contributions. She expressed her certainty the committee would appreciate the efforts to make the retirement systems more understandable.

Proponents' Testimony:

Linda King, Assistant Administrator, Public Employees' Retirement Division, distributed a table which showed the order of recodified statutes, a cross-reference table, and written testimony in which she reviewed the changes made by SB 385.
EXHIBITS 1, 2, 3

Tom Schneider, Montana Public Employees' Association, stated he had read the 255-page bill and confirmed it made the changes described. He urged the committee to support the bill.

John Malee, Montana Federation of Teachers, Montana Federation of State Employees, stated their support of the bill.

Art Whitney, Association of Montana Retired Public Employees, stated their support of the bill.

Opponents' Testimony: None.

Informational Testimony: None.

Questions From Committee Members and Responses:

REP. MOLNAR asked Ms. King why the bill did not cover the teachers' retirement system. Ms. King responded the bill only recodified public retirement systems administered by the Public Employees' Retirement System (PERS) Board. She explained the teachers had a different board, and the PERS Board could not presume to rewrite their statutes. She reported statutes for the volunteer firefighters' retirement system also were not recodified because the system was currently under study.

REP. SIMPKINS asked Ms. King whether the offset on workers' compensation would change the unfunded liabilities of the retirement systems. Ms. King responded it would make no difference to the systems' costs. REP. SIMPKINS asked Ms. King

whether the bill would create any additional unfunded liability or additional expense to the state. Ms. King said it would not.

Closing by Sponsor:

SEN. VAUGHN said the different retirement systems had agreed with changes made in the bill. She asked for concurrence by the committee.

HEARING ON SB 192

Opening Statement by Sponsor:

SEN. MIGNON WATERMAN, Senate District 22, Helena, introduced SB 192 which directs the Public Employees' Retirement System (PERS) Board to review benefits paid by PERS and recommend cost-of-living adjustments to the legislature. She said the bill clarifies that PERS is expected to maximize benefits for retirees. She asserted that to keep good employees both good salaries and good benefits, such as retirement benefits, were necessary. She said unfortunately public retirement benefits were being eroded by inflation, particularly for older retirees. She said currently nothing in law encourages PERS to maximize benefits to active and retired members. She said SB 192 does not cost any money nor does it require any particular action, but it does require the board to consider the needs of retirees. She suggested the bill would be of assistance to the legislature in considering retirement systems.

Proponents' Testimony:

Gene Allen, Association of Montana Retired Public Employees, stated current law limits the PERS Board to administering the system and actually prohibits the board from reviewing retirement benefits. He said SB 192 added the responsibility of taking benefits of recipients into consideration during the board's deliberations. He said the bill does not change the board's fiduciary responsibilities but allows the board to consider cost-of-living adjustments while maintaining a sound system. He urged favorable consideration of the bill.

Linda King, Public Employees' Retirement Board, stated support of the bill on behalf of the Board.

Tom Schneider, Montana Public Employees' Association, stated current law spells out the powers of the PERS Board, but does not direct the board to consider benefits delivered to members of the retirement system. He suggested the board should be the entity which examines benefits and makes recommendations to the legislature rather than other groups which have their own special interests. He urged passage of the bill.

SEN. FRITZ noted that MUS employees who are members of TRS would not decrease their contributions to the system; only the employer contribution rate would decrease to 2.5 percent of salaries. He reported only 2,500 of the 24,000 members of TRS were MUS employees, and MUS must contribute only enough money to fund the 2,500 members. He stated MUS employees support the bill, regardless of their retirement system membership.

EXECUTIVE ACTION ON SB 385

Motion: REP. SPRING MOVED SB 385 BE CONCURRED IN.

Discussion:

REP. GALVIN asked whether SB 385 tried to place all the retirement systems into one system. REP. SIMPKINS responded no.

REP. ROSE asked whether the bill would affect the proposed statutory committee on retirement. REP. SIMPKINS responded no.

Vote: SB 385 BE CONCURRED IN. Motion carried unanimously with REP. SQUIRES voting by proxy. EXHIBIT 8

EXECUTIVE ACTION ON SB 192

Motion: REP. RICE MOVED SB 192 BE CONCURRED IN.

Motion/Vote: REP. RICE moved to amend SB 192 to coordinate SB 192 with SB 185. Motion carried unanimously with REP. SQUIRES voting by proxy. EXHIBITS 8, 9

Motion/Vote: REP. RICE MOVED SB 192 BE CONCURRED IN AS AMENDED. Motion carried unanimously with REP. SQUIRES voting by proxy. EXHIBIT 8

EXECUTIVE ACTION ON SB 407

REP. SIMPKINS distributed a letter from Buck Consultants stating SB 407 was consistent with recommendations from their actuarial review. EXHIBIT 10

Motion: REP. RICE SCHWINDEN MOVED SB 407 BE CONCURRED IN.

Discussion:

REP. MOLNAR asked REP. MASON whether his concerns about the bill had been satisfied. REP. MASON reported his questions had been answered.

REP. ROSE asked for clarification of the bill's impact on the unfunded liability of TRS. Mr. Senn explained that MUS's portion

HOUSE OF REPRESENTATIVES
STATE ADMINISTRATION

COMMITTEE

ROLL CALL

DATE 3/9/93

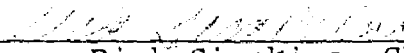
NAME	PRESENT	ABSENT	EXCUSED
REP. DICK SIMPKINS, CHAIR	✓		
REP. WILBUR SPRING, VICE CHAIR	✓		
REP. ERVIN DAVIS, VICE CHAIR	✓		
REP. BEVERLY BARNHART	✓		
REP. PAT GALVIN	✓		
REP. BOB GERVAIS	✓		
REP. HARRIET HAYNE	✓		
REP. GARY MASON	✓		
REP. BRAD MOLNAR	✓		
REP. BILL REHBEIN	✓		
REP. SHEILA RICE	✓		
REP. SAM ROSE	✓		
REP. DORE SCHWINDEN	✓		
REP. CAROLYN SQUIRES	✓		
REP. JAY STOVALL	✓		
REP. NORM WALLIN	✓		

HOUSE STANDING COMMITTEE REPORT

March 9, 1993

Page 1 of 1

Mr. Speaker: We, the committee on State Administration report that Senate Bill 385 (third reading copy -- blue) be concurred in.

Signed: 
Dick Simpkins, Chair

Carried by: Rep. Simpkins

Committee Vote:
Yes 4, No 0.

531447SC.Hpf

MCA CHAPTER 19-3, 5 THROUGH 9, AND 13 RECODIFICATION CROSS REFERENCE

CURRENT LAW
MCA Section Citation
Paragraph Title

PROPOSED LAW
SB 385 Comments
Location

CHAPTER (NEW)
PUBLIC EMPLOYEE'S RETIREMENT ACT -- GENERAL PROVISIONS

Part 1, Short Title

New Short Title

New Sec. 1

Part 2, Applicability

New Applicability

New Sec. 2 Provides that the definitions and laws found in the general section apply to the P Judges', Sheriffs', Highway Patrol Officers', Game Wardens, Municipal Police and Firefight Unified Retirement Systems.

Part 3, Definitions

19-3-104 Definitions

Amended Sec. 3 Uniform definitions for terms used in all the retirement systems. Some definitions are others were amended to clarify meaning and to eliminate provisions which applied to PERS Other definitions have been deleted because they were obsolete or inappropriate.

Part 4, General Administration

19-3-301 Location of board -- quorum -- officers and employees

Amended Sec. 4 Preserves existing authority relating to board. Language and references have been updi Subparagraph (4) moved to section 6 because it relates to employees and not the board. (**Note: The items included in the phrase "language updated" are listed at the end of index.)

19-3-302 Compensation of board members

No Change -----

19-3-304 Powers and duties of board

Amended Sec. 5 Consolidates the powers, duties and responsibilities of the board. Language updated i the text of paragraphs amended to clarify meaning.

New Appointment and compensation of administrative staff

New Sec. 6 Split apart and moved from Sec. 4 (above)

19-3-305 Employment of actuary -- Biennial investigation and valuation

Amended Sec. 7 Consolidates actuarial material and clarifies timing of actuarial experience, investigations.

19-5-611 Determination of disability by Board

Amended Sec. 8 Uniform provision. Subparagraph (2) separated because of subject matter.

19-3-306 Report by department of administration division to governor

Amended Sec. 9 Consolidates requirements for reporting to the governor. Language updated.

19-3-805 Administrative expenses

Amended Sec. 10 Consolidates the administrative expense provisions. Text is modified to clarify mean language is updated.

Please Note: Complete document may be located at the Historical Society

EXHIBIT
DATE 3/19/93
CP 300

MCA CHAPTER 19-3, 5 THROUGH 9, AND 13 RECODIFICATION CROSS REFERENCE
Last update February 19, 1993

<u>MCA Section Citation</u>	<u>Action</u>	<u>SB 385 Location</u>
<u>Paragraph Title</u>		
19-3-101 Short Title	No change	
19-3-102 Purpose	Repealed	
19-3-103 Retirement System created	Amended	Sec. 43
19-3-104 Definitions	Amended	Sec. 3
19-3-105 Exemption from taxes and legal process	Amended	Sec. 38
19-3-106 Budget Act Superseded	No change	
19-3-107 Maximum benefit limitation	Amended	Sec. 35
19-3-201 Contracts with political subdivisions	Amended	Sec. 45
19-3-202 Requests by individual employee for employer to participate	No change	
19-3-203 Conversion of local or state retirement plan	Amended	Sec. 46
19-3-204 Tax levy to meet employer's obligation	Amended	Sec. 47
19-3-301 Location of board -- quorum -- officers and employees	Amended	Sec. 4
19-3-302 Compensation of board members	No Change	
19-3-304 Powers and duties of board	Amended	Sec. 5
19-3-305 Employment of actuary -- Biennial investigation and valuation	Amended	Sec. 7
19-3-306 Report by department of <u>administration division</u> to governor	Amended	Sec. 9
19-3-307 Employers to give board monthly report and other information	Repealed	
19-3-401 Membership <u>inactive vested members -- inactive nonvested members</u>	Amended	Sec. 49
19-3-402 Federally subsidized employees eligible	No change	
19-3-403 Exclusions <u>from membership</u>	Amended	Sec. 51
19-3-404 Refund when <u>former</u> member dies after transferring to another system	Amended	Sec. 84
19-3-405 Refund of employer contribution made after termination	Amended	Sec. 54
19-3-406 Termination of membership	Amended	Sec. 18
19-3-501 Absence not included in time of service	Amended	Sec. 55
19-3-502 Absence in military service	Amended	Sec. 25
19-3-503 Election to qualify military service for full credit	Amended	Sec. 56
19-3-504 Absence due to illness or injury	Amended	Sec. 57
19-3-505 Qualification of service <u>previous employment with employer</u>	Amended	Sec. 58
19-3-506 Qualification of prior service not previously credited	Repealed	
19-3-508 No duplication of allowances when there is more than one period <u>Benefits for the same period of service</u>	Amended	Sec. 23
19-3-509 Qualification of <u>other Montana public service from other Montana public retirement systems</u>	Amended	Sec. 59
19-3-510 service employment <u>in the United States government</u>	Amended	Sec. 60
19-3-511 Transfer of service credits from teachers' retirement systems	Amended	Sec. 61
19-3-512 Qualification of service from	Amended	Sec. 62

Please note: complete document may be located at the Historical Society

EXHIBIT 2
DATE 3/9/93
NO. SB 385

TESTIMONY OF THE

PUBLIC EMPLOYEES' RETIREMENT BOARD

Presented by: Linda King, Asst. Administrator,
Public Employees' Retirement Division

On behalf of the Public Employees' Retirement Board, I am here today to ask for your favorable consideration of this bill which proposes to recodify seven of Montana's public retirement systems. This recodification represents an effort to organize and present the essence of each and all the systems in a more easily understandable and briefer format. (I know you may have your doubts about brevity when you hoist the bill, but remember, we had to print all the old and the new language here...)

One of the most recognizable changes being made is in the physical framework and organization of the statutes. There is a "general" chapter which will precede the seven chapters establishing the individual retirement systems. This general chapter pertains to each of the individual systems and contains all the provisions of statute which are common to each of these systems. The chapters which follow set out the special details of the individual systems, each designed to follow the same basic organization. Not only will this format eliminate redundancy in the new codes, but it will be quite easy for persons to determine what is the same and what is different about any and all of the systems.

We have made some changes due to federal requirements for qualified pension plans, attorney general opinions, and recent new federal legislation. The handout titled, "Substantative Changes/Issues" discusses each of these changes and describes where they can be found in the bill.

Examples of such changes include the correction of all the statutory appropriation language to bring all the retirement statutes in line with an AG opinion issued in December, 1992. That opinion states that the appropriate statutory appropriation language is only required when funds are being paid out of the treasury (and not when being transferred between funds in the treasury).

Another example, which the Board hopes you will take a close look at, is the change we have proposed in two sections of the statutes dealing with Workers' Comp offsets. Each of the retirement systems currently has a general provision which says the benefits paid are "in addition" to Workers' Comp benefits; however, in two instances, current law provides for an offset of survivor's benefits while that person is in receipt of Workers' Comp benefits. We removed those two offsets in the recodification because we could find no equity in paying disability benefits to a member who was receiving Workers' Compensation, but reducing the survivors benefits payable to his widow

EXHIBIT 3
DATE 3/9/93

while she was receiving a Workers' Comp payment. If you do want that offset to continue, please let us know.

I know reading the retirement statutes is the type of activity most persons usually reserve as a cure for insomnia. So, I don't really expect that you've all read every word of what's before you. I'd just like to assure you that if you enact this legislation recodifying these statutes, the next time you have to read the retirement statutes it will not be nearly so painful. You might even recognize the language in which it's written.

HOUSE OF REPRESENTATIVES
VISITOR'S REGISTER

State Administration

COMMITTEE

BILL NO. SB 385

DATE 3/9/93

SPONSOR(S) Sen. Vaughn

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NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
<u>Tom Schneider</u>	<u>MPEA</u>	☒	☐
<u>MARK CRESS</u>	<u>PERD</u>	☒	☐
<u>John M. Lee</u>	<u>M.F.T. / M.F.S.E</u>	☒	☐
<u>LINDA KING</u>	<u>PERD</u>	☒	☐
<u>ART WHITNEY</u>	<u>Assoc Int Rel P. Eng</u>	☒	☐
<u>John DeWilder</u>	<u>Assoc Int Rel P. E.</u>	☒	☐

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS
ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.